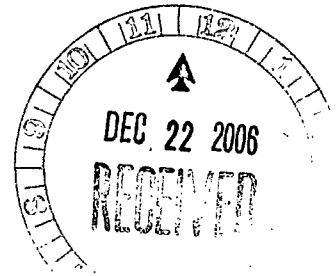


RECORDATION NO. 26736 FILED

DEC 22 '06

1-31 PM

SURFACE TRANSPORTATION BOARD



FIRST UNION RAIL

One O'Hare Centre
6250 River Road, Suite 500
Rosemont, IL 60018-4214

VIA UPS 2nd DAY AIR

December 20, 2006

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are one (1) original and two (2) copies of a Memorandum of Lease Agreement dated October 26, 2006, a primary document as defined in the Board's Rules for the Recordation of Documents. Please file this Memorandum of Lease as a primary document since a Master Lease has not been filed with the Surface Transportation Board. The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Catalyst Pulp and Paper Sales Inc.
250 Howe St., 16th Floor
Vancouver, BC V6C 3R8
Canada

A description of the railroad equipment covered by the enclosed document is five (5) 50'6" Plate C box cars; with NOKL marks (see Exhibit A for car numbers).

A short summary of the document to appear in the index follows: **Memorandum of Lease**

Also enclosed is a check in the amount of \$34.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5397. Thank you for your cooperation in this matter.

Very truly yours,

Marcia Dunne
Rail Documentation Specialist

Enclosures
(CAPP001)

DEC 22 '06

1-31 PM

ASSGN. NO.: CAPP001

MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 26th day of October, 2006, by and between the Montreal branch of First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Catalyst Pulp and Paper Sales Inc. ("Lessee"), a British Columbia corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of October 26, 2006, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 1 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of May 31, 2006, and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

By: Susan A. BarrieName: Susan A. BarrieTitle: Regional Vice-President, SalesExecuted on this 26th day of October, 2006.

PROVINCE OF QUEBEC

DISTRICT OF MONTREAL

I, Gordon Hopkins, a Commissioner of the Province and the District, certify that Susan A. Barrie personally appeared before me this day and acknowledged her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 26th day of October, 2006.

Gordon Hopkins

Commissioner of Oaths


My Commission Expires:

July 21, 2009
(Commissioner of Oaths)



LESSEE:

CATALYST PULP AND PAPER SALES INC.

By: 

Name: ROBERT LINDSTROM

Title: VICE PRESIDENT

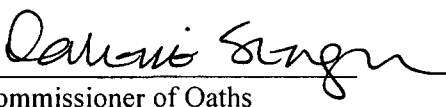
Executed on this 5th day of December, 2006.

PROVINCE OF British Columbia

DISTRICT OF Vancouver

I, Valerie Seager, a Commissioner of the Province and District aforesaid, certify that Robert Lindstrom personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 5th day of December, 2006.


Commissioner of Oaths

VALERIE SEAGER
Barrister & Solicitor
16th Floor, 250 Howe Street
Vancouver, BC V6C 3R8

Commission Expires:

unlimited
(Commissioner of Oaths)

RIDER NO. 1

**EXHIBIT A
to
MEMORANDUM OF LEASE**

NUMBER OF CARS: Five (5).

DESCRIPTION OF CARS: 50'6" interior length, Plate C, 220,000 lb. gross rail loading box cars equipped with 10' sliding doors (AAR Car Type A302).

CAR NUMBERS: NOKL 88238, NOKL 88258, NOKL 88260, NOKL 88274 and NOKL 88280.